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PP RUEHWEB

DE RUEHKG #1739/01 3381509  
ZNR UUUUU ZZH  
P 041509Z DEC 07  
FM AMEMBASSY KINGSTON  
TO RUEHC/SECSTATE WASHDC PRIORITY 5683  
RUMIAAA/CDR USSOUTHCOM MIAMI FL PRIORITY

UNCLAS KINGSTON 001739

SIPDIS

SIPDIS, SENSITIVE

WHA/CAR FOR JOE TILGHMAN

E.O. 12958: N/A

TAGS: [OVIP](#) [PREL](#) [PGOV](#) [ETRD](#) [ECON](#) [ASEC](#) [JM](#)

SUBJECT: JAMAICA: SCENE SETTER FOR ADMIRAL STAVRIDIS VISIT

#### Summary

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1.(SBU) Post welcomes the visit of Admiral James Stavridis to Jamaica. The country has enjoyed a strong democratic tradition since independence from Britain in 1962. In national elections on September 10, 2007, Prime Minister Bruce Golding's Jamaica Labour Party (JLP) won the closest contest seen in decades, by a razor-thin 32-28 margin. The United States is Jamaica's primary trading partner, and tourism, bauxite/alumina, and remittances account for much of the country's foreign exchange earnings. Jamaica faces challenges to its resource-strapped educational sector, crumbling infrastructure, environmental degradation, the spread of HIV/AIDS, and high crime.  
End Summary.

#### Introduction

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2.(SBU) Jamaica gained independence from Great Britain in 1962, and remains a member of the Commonwealth. The country is a volcanic and coral limestone Caribbean island about the size of Connecticut and located 550 miles from Miami. It has a population of 2.7 million and a GDP of approximately USD 9.127 billion.

3.(SBU) With its British political and cultural heritage, a relatively educated and entrepreneurial population, and uncommon natural beauty, Jamaica nevertheless has weaknesses in key institutions, a bloated bureaucracy, financial resource constraints, and lackluster economic growth. A high crime rate results in considerable security costs that must be borne in doing business, particularly in Kingston.

4.(SBU) Despite considerable historical ties to Britain, Jamaica increasingly looks to the United States - U.S. influences predominate in trade, popular culture, and immigration patterns. An estimated one million or more Jamaicans live in the United States, with over 400,000 in South Florida. Virtually every Jamaican has a family member in New York, Connecticut, New Jersey or Florida.

5.(SBU) United States interests in Jamaica largely relate to security, as broadly defined, combating the flow of illegal drugs, strengthening democratic institutions, fostering sustainable economic development, and protecting the environment. Serving the hundreds of thousands of U.S. visitors to the island is a primary U.S. Embassy concern. Resources also are directed to encourage U.S. exports and supporting U.S. investors and businesses. The Government of Jamaica (GOJ) is fully cooperative in counter-terrorism efforts, but has not supported the U.S.-led coalition action in Iraq.

#### Political Landscape

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6.(SBU) Jamaica has a "Westminster model" parliament consisting of a lower house, the House of Representatives, comprised of 60

directly elected members, and an upper house, a Senate made up of 21 appointees. Power rests largely in the hands of the head of government, the Prime Minister. He and his cabinet (Ministers drawn from Members of Parliament and the Senate) decide government policy.

The British monarch, represented locally by an appointed Governor General, is the largely ceremonial head of state. The two major political parties have historical links with two large trade unions--the Jamaica Labour Party (JLP) with the Bustamante Industrial Trade Union (BITU) and the People's National Party (PNP) with the National Workers Union (NWU). The center-right National Democratic Movement (NDM) was established in 1995 and the populist United Peoples Party (UPP) in 2001; neither has links with any particular trade union and both are marginal movements. Prior to the recent national elections, the composition of the lower house of Jamaica's Parliament was 34 PNP and 26 JLP.

7.(SBU) For health reasons, Michael Manley stepped down as Prime Minister in March 1992 and was replaced by P.J. Patterson. Patterson subsequently led the PNP to victory in general elections in 1993, 1997, and in October of 2002. The 2002 victory marked the first time any Jamaican political party has won four consecutive general elections since the introduction of universal suffrage to Jamaica in 1944. Upon Patterson's retirement on March 30, 2006, Portia Simpson Miller became the first female Prime Minister in Jamaica's history. In February, 2006, the JLP elected former Senator Bruce Golding to the party leadership, replacing former Prime Minister Edward Seaga, who stepped down after 30 years as JLP leader.

8.(SBU) The National elections held on September 10, 2007 were the closest Jamaica has ever seen; in more than ten of the country's 60 parliamentary constituencies, the race was won by less than 100 votes. While the election was declared "free and fair" by observers from the Organization of American States (OAS), it was not without a few glitches, and was marred by incidents of violence among politically-affiliated groups. Some polling stations experienced long lines leading some voters to give up without casting their ballots; also there were scattered reports of people who found their names were not on the voter list.

9.(SBU) While the new parliament has been sworn in, the PNP has filed election petitions challenging the results in four districts. The PNP alleges that four JLP Members of Parliament (MPs) hold dual citizenship and are therefore in violation of the clause in the Jamaican Constitution which prohibits the nomination of a candidate who has sworn allegiance to a foreign power. These cases are scheduled to be heard by the courts, starting in early December; however one of the four may be thrown out altogether because of an improperly served subpoena.

10.(SBU) While the new JLP government has yet to put its stamp on foreign policy, beyond articulating a generally more pro-U.S.-orientation, Jamaica traditionally has sought to leverage its small-nation influence through multilateralism via CARICOM, the G77, and the Non-Aligned Movement. The country maintains cordial relations with Cuba. Jamaica sees itself as a spokesman for smaller economies, particularly island states, and pushes for special and differential treatment for small economies in the FTAA and the WTO. As the most populous English-speaking CARICOM member (only Haiti is larger), Jamaica also views itself as a CARICOM leader, though Trinidad and Tobago's growing economic power has eroded Jamaica's influence within CARICOM. Nonetheless, this relatively small country wields significant international influence and prestige, and enjoys a status beyond its size in many international fora.

#### Economic Situation

11.(SBU) Jamaica's gross domestic product (GDP) is valued at USD 9.23 billion (2006 estimate) and the economy is considered to be in the lower-middle income status. It relies heavily on the services sector, which accounts for about 60 percent of GDP. The largest foreign exchange earner is tourism at USD 1.9 billion. Tourism numbers for 2006 reached 3 million visitors, an increase from 2 million in 1999. The country benefited from USD 850 million in direct foreign investment in 2006, including several major investments in the tourism sector by Spanish firms. Other major foreign exchange earners are mining (bauxite/alumina) and remittances from abroad, which totaled nearly USD 1.7 billion in

¶2006. The discovery of bauxite in the 1940s and the subsequent establishment of the bauxite-alumina industry shifted Jamaica's economy from sugar and bananas. By the 1970s, Jamaica had emerged as a world leader in export of these minerals as foreign investment increased.

¶12. (SBU) The country benefits from ample water supplies and a climate conducive to agriculture and tourism. Jamaica has been able to develop niche markets in value added agri-business such as Blue Mountain coffee and high quality rums. However, periodic hurricanes have damaged tourism revenue as well as agriculture outputs. Although Jamaica recovered from the devastation of Hurricane Ivan in 2004, it suffered close to USD 300 million in damages, mostly to crops and infrastructure, when Hurricane Dean hit the island in ¶2007.

¶13. (SBU) Overall, the economy faces several long-term challenges which have caused years of anemic economic growth of between 1 and 2.5 percent. Large-scale unemployment, serious crime problems, including gang violence related to the drug trade, lack of available credit and an extremely high debt burden hinder growth and erode investor confidence. The government debt is 133 percent of GDP, making Jamaica the fourth most indebted country in the world. Almost 55 cents on every dollar earned by the GOJ goes to debt servicing, which limits the GOJ's ability to invest in infrastructure improvement or pay for public services such as police, education and health care. Low tax compliance rates, which hover at about 45 percent, exacerbate the problem of limited revenue.

¶14. (SBU) The spiraling cost of living is undermining social and economic stability in Jamaica. Inflation soared to 8.9 percent for the first nine months of 2007 and shows no signs of abating. Prices for the nine month period are well ahead of the upper target of seven percent for the year. There appears to be a confluence of factors underlying the upward movement in prices. These range from skyrocketing international oil prices to rebuilding after Hurricane Dean. The Jamaican dollar is also declining against the weakening U.S. dollar, exacerbating problems for this import-dependent country. The current exchange rate is JD 71 to the USD 1. Prices are climbing across the board from food to transportation and education to housing. The spike in prices appears to have coincided with the change of administration and can only add to the myriad of existing challenges. Escalating inflation may only get worse, as workers demand commensurate salary adjustments to nullify price increases. Apart from fueling further inflation and possibly causing social instability, there also will be repercussions for macroeconomic stability and investor confidence.  
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¶15. (SBU) The victory of the Jamaican Labor Party (JLP) in September 2007 has ushered in a more pro-business climate. Prime Minister Golding welcomes direct foreign investment and maintains that Jamaica will only resolve its debt problems if it can begin to grow the economy. He has called for cutting corporate tax rates and reducing bureaucratic red tape that hinders investment. Overall, GOJ economic policies encourage foreign investment in areas that earn or save foreign exchange, generate employment, and use local raw materials. The government provides a wide range of incentives to investors, including remittance facilities to assist them in repatriating funds to the country of origin; tax holidays which defer taxes for a period of years; and duty-free access for machinery and raw materials imported for approved enterprises.

¶16. (SBU) The United States is Jamaica's primary trading partner. In 2005 the U.S. purchased 25 percent of the country's total exports of 1.5 billion, while total exports from the United States to Jamaica were about USD 1.9 billion, representing 41 percent of Jamaica's total imports. Some of the major import categories include petroleum, grains, machinery and transport equipment. The United States has been Jamaica's principal export market over the last two decades. Jamaica exports mostly bauxite/alumina, chemicals, and food to the United States. Tourism, bauxite/alumina, and remittances account for most of the country's foreign exchange earnings. Uncompetitive traditional agricultural exports - bananas and sugar - face the impending end of preferential regimes. The once flourishing apparel industry also virtually has collapsed.

## Environment

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¶17. (SBU) Jamaica's economy is heavily dependent on the island's fragile natural resources given that tourism, bauxite and alumina production, and agriculture provide the bulk of foreign exchange earnings. Large-scale hotel and resort developments under construction along the north coast will severely strain the island's natural resources and infrastructure. Environmental degradation and resource depletion are serious threats to sustainable economic growth in Jamaica. The most pressing environmental challenges affecting the island are coastal water quality (some estimate 80 percent of coral reefs have perished), deforestation and lack of biodiversity protection. Jamaica needs to develop a long-term environmental protection scheme that works with the private sector.

## Transnational Crime and Narcotics

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¶18. (SBU) Jamaica is a transit point for South American cocaine en route to the United States and also the largest Caribbean producer and exporter of cannabis. The Government of Jamaica (GOJ) has a National Drug Control Strategy in place that covers both supply and demand reduction. 2007 has seen one of the highest murder rates in the history of Jamaica; over 1400 people have been murdered and to date 20 police officers have lost their lives.

¶19. (SBU) The GOJ has taken steps to protect itself against drug trafficking and other organized crime, and has made significant strides toward intensifying and focusing its law enforcement efforts toward more effectively disrupting the trafficking of large amounts of cocaine in Jamaica and throughout its territorial waters. The GOJ has further embraced and enhanced efforts to improve its position on international cooperation by fully cooperating in several major international narcotics law enforcement initiatives, which have resulted in the arrest of high-profile Jamaican, Colombian, Bahamian, and Panamanian narcotics traffickers responsible for the manufacture, trans-shipment, and distribution of vast amounts of cocaine throughout the Central Caribbean region. However, along with other personnel changes in the GOJ, the Ministry of National Security is now led by Derrick Smith, and the government announced on December 1, 2007 that recently-retired Chief of Staff from the JDF, Rear Admiral Hardley Lewin will take over as the Commissioner of the Jamaican Constabulary Force (JCF).

20.(SBU) The Port Authority of Jamaica (PAJ) has procured and installed non-intrusive inspection equipment, including mobile gamma imaging machines, x-ray machines for high-density cargo, and pallet machine and closed-circuit television surveillance systems for the Kingston and Montego Bay ports. While the Container Terminal managed by APM is relatively well protected, and is now a beneficiary of the U.S. Container Security Initiative, its neighbor Kingston Wharf, a break bulk facility, is plagued with security problems that facilitate contraband smuggling. The JCF Narcotics Vetted Unit has taken steps to increase its evidential intelligence gathering capabilities in investigating major narcotics and crimes figures. In addition, the GOJ has agreed to the establishment of an International Airport Interdiction Task Force comprised of Jamaican, US, UK, and Canadian law enforcement elements which will focus on narcotics trafficking and illegal migration at the country's two major international airports.

## Travel and Migration

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21.(SBU) Facilitating legal migration and deterring illegal movement are key missions for Embassy Kingston. Despite its small size, Jamaica is a major source of legal and illegal immigrants to the United States. Embassy Kingston is one of the busiest consular posts in the Western Hemisphere: the consular section issues 11,000 immigrant visas, and receives over 100,000 applications for non-immigrant visas per year. Travel is not one-way. Well over one million Americans visit Jamaica each year, most as tourists. About ten thousand U.S. citizens are permanent residents on the island.

## Education

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22.(SBU) In the 1960s and 70s, Jamaican secondary education was considered on par with the UK. The quality of schools has eroded over the last three decades because of the limited resources available to maintain high quality education (teaching, school administration and infrastructure maintenance) and the "brain drain" associated with the migration of skilled workers - for example teachers and nurses - to the U.S., UK and Canada. University education is still world-class, but under tremendous pressure to successfully address the tertiary-level skills required to keep Jamaica competitive in the global economy. The University of the West Indies' campus at Mona on the outskirts of Kingston is well regarded and home to the Joint Board for Teacher Education, implementer of President Bush's Center for Excellence in Teacher Training.

#### HIV/AIDS

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23.(SBU) The Caribbean region's seroprevalence rate of approximately 2.4 percent is second only to sub-Saharan Africa. In Jamaica, about 3 percent of antenatal clinic attendees test positive for HIV, according to GOJ statistics, and 1.5 percent of the general population. Early sexual initiation and multiple partners among adolescents and the stigma of homosexuality in Jamaican culture contribute to the potential risks for an accelerating epidemic in the Jamaican population, as well as high levels of discrimination against those living with HIV/AIDS, regardless of whether they are men, women or children. Even if the disease is successfully contained, HIV will continue to have serious economic consequences. According to the University of the West Indies, Health Economics Unit, should the escalation continue at its present rate, it is estimated that the economic cost in five years will equal 6.5 percent of GDP.

#### The Jamaican Defence Force

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124. (SBU) The mission of the Jamaica Defence Force (JDF) is "to provide military capability to deter and/or defeat threats against the Jamaican state and/or its interest." On October 28, 2007 Major General Stewart Saunders took over the role of Chief of Staff for the JDF, replacing Rear Admiral Hardley Lewin.

125. (SBU) The JDF devotes considerable resources to the internal security mission in Jamaica and conducts operations with/in support of the Jamaica Constabulary Force. One such ongoing operation is "Operation Kingfish," which targets high level criminals in Jamaica. Other important missions are Counter-Drug (marijuana eradication and maritime interdiction) and humanitarian assistance in time of natural disaster (primarily hurricanes and flooding). The JDF participated with units in Grenada 1983 and Haiti 1994. The JDF is a well trained and professional force that is respected throughout Jamaica and the Caribbean. Its principal training partners are the United States, the United Kingdom, and Canada.

126. (SBU) The JDF is made up of approximately 3000 personnel and consists of the following units: JDF HQ, 1 Jamaica Regiment (1JR), 2 Jamaica Regiment (2JR), 3 Jamaica Regiment (3JR - Reserve unit), JDF Air Wing, JDF Coast Guard, Engineer Regiment, Service and Support BN, and the Military Intelligence Unit (MIU).

127. (SBU) The JDF Air Wing currently has eleven trained pilots which have to do the majority of air missions for the entire island - such as medevac/casevac, SAR, humanitarian assistance, DV transport, and counter-drug operations support. They have four new Bell 407 helos, two DA40 Diamond fix wing, and one fixed wing Beachmaster. They also have three old Bell 412's which they are in the process of selling. No longer having the capability to train its pilots in Canada or the UK, the JDF AW opened the Jamaican Military Aviation School (JMAS) in July 2007 with the hope that the school will become a regional school for the Caribbean. It currently has one instructor and one student from Belize. JMAS does not currently have helicopters for training and is limited to fixed wing instruction until new helicopters can be purchased.

128. (SBU) The JDF Coast Guard consists of approximately 300 personnel. Its HQ is located at HMJS Cagway in Port Royal. It has



several small outposts located in Port Antonio and Discovery Bay on the north coast, in Black River on the SW coast, and in Pedro Cayes. Their main assets include three new OSV's which they received from Damen Corp in the Netherlands. Its primary missions are maritime safety, CD, and prevention of illegal fishing and illegal migration.

¶29. (SBU) The Jamaica Defence Force continued to have a strong training year in 2007. It had the 6th largest IMET program in the region, totaling \$805K. Within this program, the JDF shifted the majority of its officer commissioning to the U.S. - graduating 12 from OCS since late 2006; Field Grade officers were sent to both the US Army and the USMC Command & Staff Colleges; and a USCG MTT conducted a 2-week Waterside Port Security Course on island. The JDF also received \$12K in CTFP-funded seminars and MTT's and was host to the HSV-2 SWIFT which trained 170 personnel in various MTT courses. Jamaica is currently budgeted to receive in 2008 \$750K in IMET, \$100K in CD, and \$12K in CTFP training.

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